

## Fonds de Compensation de la Sécurité Sociale, SICAV-FIS (the “Fund”)

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** FDC SICAV Global Equities Paris Aligned – Indexed (the “Sub-Fund”)

**LEI:** 5493008118XQUKZ8LO20

**Fund manager (by sub-delegation):** State Street Global Advisors Limited (the “Fund Manager”)

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The management of the Sub-Fund promotes the following environmental and social characteristics by promoting certain environmental characteristics through investments in companies which exhibit lower carbon emissions in the way of current emissions and future emissions (measured by fossil fuel reserves), produce green revenues and are better positioned for the physical risks posed by climate change. In addition to this, further environmental and social characteristics are promoted by a negative and norms-based screen applied to the Sub-Fund’s portfolio to screen out securities based on an assessment of their adherence to ESG criteria.

It should be noted that, in implementing its investment strategy and as an overarching binding restriction, the Fund Manager is required to exclude companies from the Sub-Fund's portfolio referenced on the Fund's proprietary exclusion list. The latter screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Equally screened out are companies linked to following controversial weapons: anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons. The Fund's exclusion list can be viewed at <https://fdc.public.lu/en/investissement-responsable/liste-exclusion-fdc.html>.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental characteristics is measured through the higher exposure of the Sub-Fund's portfolio (relative to the MSCI World Index ("Index")) to companies that are mitigating greenhouse gas emissions and adapting to climate related risks by constructing the portfolio that aims to:

- a) Minimise:
  - carbon emission intensity (emissions scaled by revenue);
  - brown revenues; and
  - fossil fuel reserves.
- b) Maximise green revenues.
- c) Target companies that are positioned to benefit from the transition to the low-carbon economy based on their ratings for climate adaptation.

A further attainment of the environmental and social characteristics promoted by the Fund is measured through: % of the portfolio invested in securities that are included in the negative and norms based screen.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Sub-fund does not commit to make sustainable investments.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

— — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

### **Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, the Sub-Fund considers Principal Adverse Impacts (“PAI”) on sustainability factors by applying the negative and norms-based ESG screen prior to the construction of the portfolio.

Specifically, the Sub-Fund considers

- Greenhouse gas emissions.
- Carbon footprint.
- Greenhouse gas intensity of investee companies.
- Exposure to companies active in the fossil fuel sector.
- Share of non-renewable energy consumption and production.
- Violations of UN Global Compact Principles.
- Exposure to controversial weapons.



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

### **What investment strategy does this financial product follow?**

The Sub-Fund’s objective is to replicate its benchmark, the MSCI World Total Return (net) expressed in USD and converted into EUR while aligning its investments with the Paris Agreement goal of limiting global warming to well below 2°C. The Sub-Fund invests in normal market conditions in equities and equity-equivalent securities included in its benchmark which captures large and mid-cap representation across developed markets.

The Sub-Fund’s general investment approach is described in the Fund’s Issue Document.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The strategy uses a systematic methodology to provide higher exposure (relative to its benchmark) to companies that are mitigating and adapting to climate risk. In implementing this strategy, the Fund Manager employs a quantitative process to construct a portfolio of securities taking into account certain ESG factors such as: carbon intensity (emissions scaled by revenue, fossil fuel reserves, green revenues, brown revenues and ratings for climate adaptation. The resulting portfolio of the Sub-Fund intends to provide higher exposure (relative to its benchmark) to companies that are mitigating and adapting to climate related risks. The securities in the Sub-Fund are selected from the constituents of the benchmark and the Fund Manager applies the negative and norms-based ESG screen prior to the construction of the portfolio of the Sub-Fund and on an ongoing basis.

Application of the ESG screens results in the exclusion of any securities from the portfolio based on an assessment of their adherence to certain ESG criteria defined by the Fund Manager. The Fund Manager will screen out securities of issuers identified as being non-compliant with UN Global Compact Principles relating to environmental protection, human rights, labour standards and anti-corruption, as well as controversial weapons. The Fund Manager may use additional ESG screens from time to time in order to exclude securities of issuers based on their involvement with an activity that is deemed noncompliant with one or more of such ESG criteria.

The assessment of good governance practices is implemented through the negative screening utilised by the Fund Manager. Companies deemed by SSGA to not violate UN Global Compact Principles are considered to exhibit good governance.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Sub-Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

- ***What is the policy to assess good governance practices of the investee companies?***

The assessment of good governance practices is implemented through the negative screening described above.

### **What is the asset allocation planned for this financial product?**

The Fund Manager employs a binding ESG methodology which aims to build a portfolio where at least 95% of the Sub-Fund's assets are invested in securities which are aligned with environmental and social characteristics promoted by the Sub-Fund. The remaining portion (<5%) of the portfolio, consisting for example of cash or derivatives held at the Fund Manager's discretion, will not be aligned with the promoted environmental and social characteristics.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

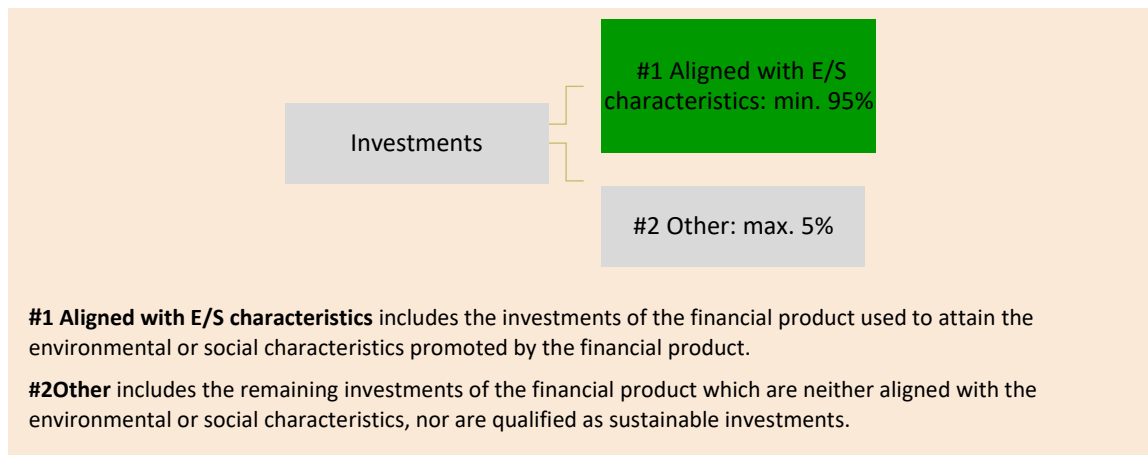
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund Manager does not use derivatives to attain the environmental or social characteristics of the Sub-Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

The Sub-Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

The Sub-Fund does not aim or commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

The Sub-Fund does not commit to a minimum share in transitional and enabling activities.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

The Sub-Fund does not commit to a minimum share of socially sustainable investments.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective. Fossil gas criteria include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. Nuclear energy criteria include comprehensive safety and waste management rules. The full criteria are laid down in Commission Delegated Regulation (EU) 2022/1214.



## What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The Sub-Fund may hold a portion of its assets in cash or cash equivalents, including financial derivative instruments employed for efficient portfolio management, hedging or liquidity management purposes, at the Fund Manager’s discretion, which are classified under #2 Other in the above table.

Given the nature of cash or cash equivalents or including financial derivative instruments employed for efficient portfolio management, hedging or liquidity management purposes, such assets will not be aligned with environmental and social characteristics nor will there be any environmental or social safeguards associated with such assets in place.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



## Where can I find more specific information online?

More product-specific information can be found on websites:

- <https://www.fdc.lu>
- <https://fdc.public.lu/en/investissement-responsable/approches-durables-gerants-fdc.html>

More information about the Fund Manager can be found on website:

- <https://www.ssga.com/us/en/institutional/ic/capabilities/esg>